

Press Release

New Fiscal Council discussion paper highlights growing challenge of funding public sector pay in Northern Ireland

22 September 2026

The Northern Ireland Fiscal Council today publishes a discussion paper examining why maintaining public sector pay settlements in NI is becoming increasingly difficult within existing funding arrangements.

The Council's analysis suggests that the public sector pay bill for services comparable with those funded in England may be around 35 to 45 per cent higher per head of population in NI, while funding per head is around 24 per cent higher than England. This creates a structural tension between the cost of maintaining the workforce and the funding available to do so.

The paper's analysis suggests that public sector pay pressures in NI are driven primarily by higher workforce numbers and differences in how services are funded and delivered, rather than by higher pay levels or a more senior workforce.

Launching the paper, Sir Robert Chote, Chair of the NI Fiscal Council, said:

"Public sector pay is the single largest element of day-to-day spending funded by the Executive and an increasingly significant source of budget pressure. This discussion paper examines why the cost of maintaining public sector pay in NI appears to be rising faster than the funding generated through existing arrangements."

"We are not taking a view on whether pay parity with England is desirable. Our role is to examine the fiscal implications of policy choices and to assess what they mean for the sustainability of the Executive's finances."

"Our initial analysis suggests that the challenge is not primarily about public sector workers in NI being paid more than their counterparts elsewhere. Rather, the evidence points towards the size and structure of the workforce and the way public services are organised and funded."

"When funding generated by pay awards in England is insufficient to cover the cost of matching those awards in NI, the Executive faces difficult choices. We view this report as the start of a conversation rather than its conclusion."

The findings are provisional and the paper should be regarded as a first phase of work. Significant challenges remain around data availability and comparability across jurisdictions.

The paper will be presented at the Fiscal Council's Annual Conference on 25 September as part of a wider consultation process aimed at gathering views from stakeholders and informing the next phase of the Council's work.

Ends

Notes to editors:

1. Further information on the NI Fiscal Council is available here:
<https://www.nifiscalcouncil.org/publications/sustainability-report-2026-special-focus-public-sector-pay>
2. Follow us on Twitter: [@NIFiscalCouncil](https://twitter.com/NIFiscalCouncil)
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